

THIRD DIVISION

[G.R. No. 117079, February 22, 2000]

**PILIPINAS BANK, PETITIONER, VS. COURT OF APPEALS AND
RICARDO C. SILVERIO SR., RESPONDENTS.**

DECISION

PURISIMA, J.:

This is a petition for review under Rule 45 of the decision of the Court of Appeals in CA-G.R. SP No. 33704 which affirmed the decision of Branch 65 of the Regional Trial Court of Makati dismissing the collection case instituted by Pilipinas Bank (petitioner) against one of its stockholders on the ground of lack of jurisdiction.

From the records on hand, the antecedent facts can be gleaned as follows:

On June 19, 1991, Pilipinas Bank (petitioner) filed a Complaint For Sum of Money against private respondent Ricardo C. Silverio, Sr. (Silverio), docketed as Civil Case No. 91-1718 entitled "*Pilipinas Bank vs. Ricardo C. Silverio, Sr.*", and docketed as Civil Case No. 91-1718, to secure payment of two loans he obtained from petitioner in 1981, in the total amount of Four Million Six Hundred Eighty-Eight Thousand Two Hundred Thirty-Three and 71/100 (P4,688,233.71) Pesos, when he was its majority stockholder.

As special and affirmative defenses, Silverio theorized, among others, that the Securities and Exchange Commission (SEC) and not the regular courts, has jurisdiction over the suit which involves an intra-corporate controversy between a corporation and its stockholder; that there is another case pending between the same parties for the same cause, entitled "*Ricardo C. Silverio, Sr. vs. Philippine National Bank, Asset Privatization Trust, Committee on Privatization, Prudential Bank, Pilipinas Bank and Domingo Santiago, etc.*" and docketed as SEC Case No. 03303, wherein the claim of petitioner may be pleaded or set forth and that the obligation sued upon had been extinguished and/or waived.

The parties having failed to hammer out an amicable settlement during the pre-trial, the petitioner presented its evidence. On November 26, 1992, after petitioner rested its case, Silverio served a Request for Admission, which was answered by petitioner.

In Answer to Silverio's Request for Admission, petitioner admitted that Silverio was a stockholder of petitioner who instituted a case for Specific Performance, Breach of Contract, Annulment of Sale, Injunction and/or Prohibition and Damages before the SEC (SEC Case No. 03383, entitled "*Ricardo C. Silverio, Sr. vs. Philippine National Bank, Asset Privatization Trust, Committee on Privatization, Prudential Bank, Pilipinas Bank and Domingo Santiago, etc.*") to compel the above-named respondents to comply with the Agreement of March 21, 1980 to allow Silverio and his group to repurchase his (Silverio's) preferred stock in Pilipinas Bank now held by

the Philippine National Bank (PNB). Petitioner likewise admitted Silverio's capital infusion of Twenty Five Million (P25,000,000.00) Pesos credited to paid-in surplus in its books, but the same was written off against losses of the petitioner, in the same way equities of other old stockholders were proportionately written off, pursuant to Monetary Board Resolution 595 of the Central Bank of the Philippines, now Banko Sentral ng Pilipinas.^[1]

On the basis of such admissions, Silverio presented a Motion to Dismiss and/or Suspend Proceedings.

In its Resolution, dated October 26, 1993, the lower court granted the Motion to Dismiss and/or Suspend Proceedings and on February 28, 1994, denied petitioner's motion for reconsideration.

Dissatisfied with the aforesaid Orders, the petitioner filed a petition for *certiorari* with the Court of Appeals. Docketed as CA-G.R. No. 33704, on July 26, 1994 the Court of Appeals came out with a decision dismissing the petition on a finding that the collection case was an intra-corporate controversy between a corporation and a stockholder.

The Court of Appeals anchored the said disposition on Section 5, subsection (b) of P.D. No. 902-A, which provides:

"Sec. 5.- In addition to the regulatory and adjudicative functions of the Securities and Exchange Commission over corporations, partnerships and other forms of associations registered with it as expressly granted under existing laws and decrees, it shall have original and exclusive jurisdiction to hear and decide cases involving:

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b) Controversies arising out of intra-corporate or partnership relations, between and among stockholders, members, or associates; between any and/or all of them and the corporation, partnership or association of which they are stockholders, members or associates, respectively; and between such corporation, partnership or association and the state insofar as it concerns their individual franchise or right to exist as such entity;"

Petitioner's motion for reconsideration met the same fate. It was denied.

Undaunted, petitioner has come before this Court via the present petition, posing as pivotal issue - whether it is the regular court or the SEC that has jurisdiction over the controversy at bar.

Petitioner invokes the ruling in the case of *Viray vs. Court of Appeals*,^[2] where this Court held that the establishment of the relationship between a stockholder and corporation in a dispute does not necessarily vest jurisdiction thereover in the SEC. The Court thus ruled:

"The establishment of any of the relationships mentioned in Union will not necessarily always confer jurisdiction over the dispute on the SEC to the exclusion of

the regular courts. The statement made in one case that the rule admits of no exceptions or distinctions is not that absolute. The better policy in determining which body has jurisdiction over a case would be to consider not only the status or relationship of the parties but also the nature of the question that is the subject of their controversy."

Petitioner also placed reliance on the more recent case of *Macapalan vs. Katalbas-Moscardon*,^[3] where it was held that simple money claims, without any averment of fraud or misrepresentation committed by the corporations involved, are cognizable by the ordinary courts:

"In order to ascertain the nature of the question that is the subject of the controversy, we have to rely on the allegations of the complaint, the truth of which is to be theoretically admitted in considering the motion to dismiss.

In the present case, we do not find it necessary to resort to the expertise of the SEC. Petitioner's complaint for annulment of the real estate mortgage and foreclosure sale with preliminary injunction is an ordinary civil litigation, beyond the jurisdiction of the SEC. It is true that the trend is towards vesting administrative bodies like the SEC with the power to adjudicate matters coming under their particular specialization, to insure a more knowledgeable solution of the problems submitted to them. This would also relieve the regular courts of a substantial number of cases that would otherwise swell their already clogged dockets. But as expedient as this policy may be, it should not deprive the courts of justice of their power to decide ordinary cases in accordance with the general laws that do not require any particular expertise or training to interpret and apply. Otherwise, the creeping take-over by the administrative agencies of the judicial power vested in the courts would render the judiciary virtually impotent in the discharge of the duties assigned to it by the Constitution."

Silverio, on the other hand, contended that SEC should exercise jurisdiction over the case, pointing out that although dubbed a simple collection case, the case involves other issues arising from intra-corporate controversies, taking into account the pending cases he had filed against petitioner before the SEC to cancel the write-off of Twenty Five Million (P25,000,000.00) Pesos against old accounts, including the loans subject of this petition, and to restore the same in the books of petitioner as paid-in surplus (docketed as SEC Case No. 04262); and to allow him (Silverio) to exercise his option to buy back his shares and obtain control of Pilipinas Bank (docketed as SEC Case No. 03383).

The persistent confusion concerning the original and exclusive jurisdiction of the SEC has been clarified as early as November 28, 1983, in the case of *Union Glass and Container Corporation, et. al. vs. SEC, et al.*, where the Court said:

"This grant of jurisdiction must be viewed in the light of the nature and function of the SEC under the law. Section 3 of PD No.902-A confers upon the latter 'absolute jurisdiction, supervision and control over all corporations, partnerships or associations, who are grantees of primary franchise and/or license or permit issued by the government to operate in